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The Treasury Note

A monthly newsletter of Municipal Finance

November 1, 1999

Recent State Bond Sales

UCLA Anderson Forecast

Los Angeles State Building Authority

The State conducted a sale on September 29, 1999 for the Los Angeles State Building Authority, which sold \$59,045,000 million in lease revenue bonds at a true interest cost of 5.40 percent. The bonds were rated A+, A1, and A, by Fitch IBCA, Inc., Moody's Investor Service and Standard & Poor's respectively.

The Los Angeles State Building Authority is a joint powers authority formed between the State of California and the Community Redevelopment Agency of the City of Los Angeles. Bond proceeds will finance the acquisition of the historical Junipero Serra Building and any renovation or improvements to the building. The Junipero Serra Building is the latest project in a continuing commitment by the Authority to revitalize downtown Los Angeles.

State Public Works Board

The State conducted a sale on October 7, 1999 for the State Public Works Board, selling \$179,140,000 million in lease revenue bonds at a true interest cost of 5.61 percent. The three major rating agencies, Fitch IBCA, Inc., Moody's Investor Service, and Standard & Poor's, rated the bonds A, A1, and A+ respectively. A portion of the bonds were insured by MBIA, to achieve a triple A rating.

The Department of Health Services is using the bond proceeds to fund the Richmond Laboratory project. The project is the consolidation of seven existing East Bay labs to the new Richmond Laboratory site at the intersection of Marina Bay Parkway and Interstate 580 in Richmond, California. Construction is scheduled for completion in January of 2002. Once complete, Richmond Laboratory will be one of the largest laboratories in the country, housing 12 different laboratories and 525 employees.

According to the most recent UCLA Anderson Forecast conference, this year will be the second best economic year for California this decade. September's conference revealed both short-term and long-term economic predictions for California and the nation. The following are some of the highlights from the conference.

Forecasters estimate that nearly 315,000 nonfarm jobs were added to California's economy from January through August 1999. This trend corresponds to a 3.4 percent increase for nonfarm jobs in 1999. Projections that extend through 2010 show the growth rate for nonfarm employment is predicted to range between 2.1 percent and 2.7 percent in California. This growth rate is significantly higher than the expected 0.4 percent to 1.6 percent national increase. The increase translates into 8.24 million jobs between the years 1998 and 2020. According to the forecast, more than half of this growth will occur in the services sector.

California's unemployment rate has declined steadily through August. Forecasters expect the annual unemployment rate to decline from 5.9 percent in 1998 to 5.4 percent in 1999. However, it is anticipated that unemployment will remain above 5 percent through the year 2020 due to high population increases.

California personal income is expected to be up 6.2 percent in 1999, followed by a 5.4 percent increase in 2000. These increases are higher than the projected 5.0 percent and 5.3 percent increases for the nation in 1999 and 2000, respectively.

Real gross state product (GSP) is expected to reach \$2.1 trillion in 2020, an annual increase of 3.5 percent from the 1998 total GSP of \$975 billion. Growth in the national gross domestic product (GDP) is predicted at 9.8 percent for 1999, but only 4.8 percent for 2000.

Listing of Redemptions

The item below reflects the only redemption officially announced as of November 1, 1999. These bonds will be redeemed on December 1, 1999.

Department of Veterans Affairs, Home Purchase Revenue Bonds 1998 Series A, Dated Date: May 5, 1998 (Partial Redemption)

\$5,330,000 of the bonds maturing December 1, 2018 and \$2,975,000 of the bonds maturing on December 1, 2019 will be redeemed.

For questions regarding the purpose or timing of this call, or for redemption or registration information, please call (800) 900-3873.

Frequently Asked Questions?

Q: How can I convert my State of California bearer bonds into registered form?

A: You may register your bearer bonds by submitting them to the attention of the *Bondholder Services Section* at the address on the front of this newsletter. To prevent any loss, we recommend the use of registered and insured mail when submitting bearer bonds for registration. We suggest that you insure bearer bonds at 10% of the face value on the bond. This approximates the cost of replacing a bond in the event that it is lost. Please include complete instructions indicating the name(s) and address to be included in the registration. Please contact the *Bondholder Services Section* at (800) 900-3873 for additional information. Registration of your bearer bonds is provided at no charge.

Golden State ScholarShare College Savings Trust

On October 4, 1999, the California Student Aid Commission (CSAC) introduced the Golden State ScholarShare Trust program ("ScholarShare"). ScholarShare was set up to provide Californians with a way to save and invest for college and higher education expenses on a tax-advantaged basis.

Under ScholarShare, anyone can open an account on behalf of a designated beneficiary. The money contributed to the account is placed in a trust, which will be invested in special investment portfolios consisting of stocks, bonds, and money market instruments to accommodate the needs of investors.

Earnings in a Golden State ScholarShare account grow on a federal and state tax-deferred basis until the beneficiary is ready to go to college. The beneficiary can use the funds in the account to pay for qualified higher education expenses at eligible schools in California or the United States.

CSAC administers ScholarShare, with investments in the plan monitored by the ScholarShare Investment Board, which includes the Executive Director of CSAC, the California's State Treasurer and the Director of the Department of Finance. TIAA-CREF Tuition Financing, Inc. manages the program under a contract with ScholarShare.

For additional information, you can contact the Golden State ScholarShare Trust at 1-877-SAV-4EDU (728-4338) from 5 am – 6 pm Pacific Time or visit the web site at www.scholarshare.com.

Bond Sales Calendar*

If you are interested in purchasing any of these bonds, please contact your broker two weeks before the sale date. For updated information regarding upcoming sales, please contact the *Debt Issuance Section* at (800) 900-3873.

BOND SALES	AMOUNT	SALE DATE
State Public Works Board, Veterans Home in Chula Vista	\$15 million	Mid November
California State University Housing System Revenue Bonds and Pomona Student Union Revenue Bonds	\$42 million	November 30
Various Purpose General Obligation Bonds	\$500 million	Early December

*Subject to change without notice. Updates can be obtained at www.treasurer.ca.gov
